

Message Text

CONFIDENTIAL

PAGE 01 LONDON 16422 161816Z

64

ACTION EB-07

INFO OCT-01 ARA-06 EUR-12 ISO-00 IO-10 FEA-01 AGR-05

CEA-01 CIAE-00 COME-00 DODE-00 FRB-01 H-01 INR-05

INT-05 L-02 LAB-04 NSAE-00 NSC-05 PA-01 RSC-01 AID-05

CIEP-01 SS-15 STR-01 TAR-01 TRSE-00 USIA-06 PRS-01

SP-02 OMB-01 SWF-01 /102 W
----- 078211

R 161808Z DEC 74

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 6617

INFO AMEMBASSY BRASILIA

AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

C O N F I D E N T I A L LONDON 16422

FOR O'DONNELL - EB/ORF/ICD/TRP

E.O. 11652: GDS

TAGS: ETRD, EAGR

SUBJ: COFFEE: BRAZIL PAPER ON NEW INTERNATIONAL COFFEE

AGREEMENT (ICA)

REF: LONDON 16174

1. WE ARE TRANSMITTING BY AIRGRAM (COPY TO O'DONNELL)
INTERNATIONAL COFFEE ORGANIZATION (ICO) DOCUMENT
EB 1325/74 (E), DECEMBER 11, 1974, PROPOSALS AND
COMMENTS BY BRAZIL ON NEW ICA. THIS DOCUMENT IS SOME-
WHAT BROADER THAN BRAZILIAN VIEW REPORTED REFTEL.
HOWEVER, MAJOR THRUST IS AS REPORTED, I.E., BRAZIL SUG-
GESTS A QUID PRO QUO ARRANGEMENT WITH MAINTENANCE OF
REAL VALUE PROVISIONS FOR PRODUCERS AND A RESERVE
STOCKS SYSTEM FOR IMPORTERS.

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 LONDON 16422 161816Z

2. MAJOR ELEMENTS OF PAPER ARE:

(A) MAINTENANCE OF REAL VALUE. THIS POINT IS HIGHLIGHTED IN INTRODUCTION AND DISCUSSED IN PART III' UNDER HEADING "PRICES." PART III STATES TWO OBJECTIVES, (I) MAINTENANCE OF REAL VALUE AND (II) AVOIDANCE OF EXCESSIVE PRICE FLUCTUATIONS. RE (I), PAPER STATES THIS OBJECTIVE QUOTE IMPLIES THE AUTOMATIC CORRECTION OF PRICES TO COUNTERACT BOTH FLUCTUATIONS IN PARITY OF THE CURRENCY . . . AND CHANGES IN PURCHASING POWER OF EARNINGS . . . UNQUOTE. OBJECTIVE (II) WOULD BE REACHED BY REGULATING SUPPLY VIA UPPER AND LOWER PRICE TRIGGERING POINTS. THIS CHAPTER ALSO STATES THE AGREEMENT SHOULD ADOPT INDICATOR PRICES WHICH ARE "TRULY REPRESENTATIVE FOR THE VARIOUS GROUPS OF COFFEE."

(B) STOCKS. PART IV IS A VERY BRIEF PROPOSAL FOR A RESERVE STOCK SYSTEM. SUCH STOCKS PRESUMABLY WOULD BE HELD IN THE EXPORTING COUNTRY AND CALCULATED ON A BASIS OF A PERCENTAGE OF THE ANNUAL EXPORT QUOTA FOR EACH COUNTRY, AS SET BY THE COUNCIL. THESE RESERVE STOCKS "WOULD BE SUBJECT TO STRICT CONTROL AND SUPERVISION OF THE ORGANIZATION . . . "

(C) QUOTAS. PAPER PROPOSES ANNUAL EXPORT QUOTAS LINKED TO WORLD COFFEE CONSUMPTION REQUIREMENTS. ALSO ENVIGAGED ARE "BASIC QUOTAS" WHICH SHOULD BE SET FOR A FIVE-YEAR PERIOD IN THE NEW ICA. ELIMINATION OF "NEW MARKETS" CONCEPT IS PROPOSED.

3. FRENCH REP SCHWEISGUTH TOLD US MORNING OF DECEMBER 16 THAT HE HAD ALSO DISCUSSED BRAZIL POSITION WITH SOUTO MAIOR. LATTER APPARENTLY UNDERLINED SAME POINTS AS THOSE IN REFTEL. SOUTO MAIOR'S RESPONSE TO SCHWEISGUTH'S OBSERVATION THAT CONSUMERS WOULD FIND MAINTENANCE OF VALUE PROVISIONS 'PROBABLY IMPOSSIBLE TO ACCEPT,' WAS THAT THIS PROVISION WAS PRECISELY WHAT BRAZIL THOUGHT THE ESSENCE OF A NEW ICA SHOULD BE.

SPIERS

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COFFEE, AGREEMENTS, DOCUMENTS, MEETINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 16 DEC 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ElyME
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974LONDON16422
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740365-0135
From: LONDON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741232/aaaabbnh.tel
Line Count: 97
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 74 LONDON 16174
Review Action: RELEASED, APPROVED
Review Authority: ElyME
Review Comment: n/a
Review Content Flags:
Review Date: 26 JUN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <26 JUN 2002 by boyleja>; APPROVED <24 MAR 2003 by ElyME>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: COFFEE: BRAZIL PAPER ON NEW INTERNATIONAL COFFEE AGREEMENT (ICA)
TAGS: ETRD, EAGR, BR
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005